Congress of the United States
Washington, DC 20515

April 14, 2010

Secretary Timothy Geithner
U.S. Department of the Treasury
1500 Pennslyvania Avenue NW
Washington, DC 20220

Dear Secretary Geithner:

The recent Government Accountability Office (GAO) report, Troubled Asset Relief Program (TARP): Automaker Pension Funding and Multiple Federal Roles Pose Challenges for the Future, raised a number of alarming concerns about the conflicting roles and responsibilities of the Treasury Department and the potential impact on retirement security in the auto sector. According to GAO, pension plan participants in the auto sector could stand to lose as much as $35 billion in earned pension benefits if their plans were to be terminated and assigned to the Pension Benefit Guaranty Corporation.

One of the purposes of the Emergency Economic Stabilization Act of 2008 that created TARP was for the Treasury Department to exercise its authority in a manner that "protects home values, college funds, retirement accounts, and life savings." TARP funding directed to the Automotive Industry Financing Program should be used in a manner consistent with those purposes.

Unfortunately, we have already seen in the case of the Delphi pension plans the human and economic costs of not protecting earned pension benefits. Today, tens of thousands Delphi salaried retirees and members of the International Union of Operating Engineers, the International Brotherhood of Electrical Workers (IBEW), and the International Association of Machinists and Aerospace Workers are facing draconian cuts to their retirement income. The bankruptcy process for Delphi and GM, which was made possible through the Automotive Industry Financing Program, protected the pensions of some Delphi workers but not others. The retirees who were left out are still seeking fair treatment. Their families and communities are suffering severe economic hardship as a result of these losses.

According to the GAO, we are now facing an even greater liability in auto sector pension plans. The failure of additional auto sector pension plans would not only cost retirees tens of billions of dollars in lost benefits, it would also require the Pension Benefit Guaranty Corporation to assume an estimated $42 billion in unfunded liabilities.

As a majority owner in General Motors, the U.S. government must not put itself in the pensions. It also would be a poor outcome for the U.S. taxpayer to sell our interests in the auto sector only to have the U.S. government to assume the unfunded liabilities in their pension plans.

We would like to request a meeting with you to discuss how Treasury and the Auto Task Force plan to resolve the outstanding pension issues in the auto sector and how you will ensure that the federal funding in the Automotive Industry Financing Program will protect pension plan participants and the PBGC from assuming the unfunded liabilities.

Sincerely,

Sherrod Brown
United States Senator

Tim Ryan
Member of Congress